

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 SS-15 L-03 H-01 INR-07 PM-04
PRS-01 SP-02 EB-08 OMB-01 TRSE-00 NSC-05 CIAE-00
DODE-00 IGA-02 AF-10 ARA-06 NEA-10 /095 W
-----270317Z 127456 /72L

R 261616Z APR 77
FM US MISSION EC BRUSSELS
TO SECSTATE WASHDC 3618
INFO ALL EC CAPTIALS
USLO PEKING
AMEMBASSY MOSCOW
AMCONSUL HONG KONG
USMISSION NATO
USMISSION OECD PARIS

C O N F I D E N T I A L EC BRUSSELS 4177

E.O. 11652: GDS
TAGS: EEC CH ETRD
SUBJECT: EC/FRC TALKS ON TRADE AGREEMENT

REF: EC BRUSSELS 4037 (NOTAL)

1. EC COMMISSION EXTERNAL RELATIONS OFFICIAL (MASLEN) HAS BRIEFED US ON CURRENT STATUS OF EC/PRC NEGOTIATIONS ON THE EC'S NOVEMBER 1974 OFFER OF A STANDARD FRAMEWORK TRADE AGREEMENT.
2. MASLEN SAID THAT PROGRESS HAS BEEN MADE TO THE POINT THAT ONLY TWO MAJOR ISSUES REMAIN: (1) THE EC INSISTS UPON-- AND THE CHINESE OPPOSE--INCLUSION OF A SAFEGUARD CLAUSE; AND (2) THE CHINESE INSIST UPON INCLUSION OF A CLAUSE REFERRING TO THE "PRINCIPLE OF BALANCED TRADE", WHICH THE EC FINDS UNACCEPTABLE. MASLEN SAID THAT THE EC SIDE ARGUED THAT NO OTHER PRC TRADE AGREEMENTS CONTAIN A "BALANCED TRADE" CLAUSE. HOWEVER, CHINESE NEGOTIATORS RESPONDED THAT THE

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EC ITSELF HAD AGREED TO SUCH A CLAUSE IN THE PAST, CITING ARTICLE 1 OF THE 1976 EC/PAKISTAN TRADE AGREEMENT, WHICH DOES SPECIFICALLY CALL FOR "IMPROVEMENT OF THE BALANCE" OF MUTUAL TRADE. COMMISSION OFFICIALS SUBSEQUENTLY DISCOVERED THAT THE EC TRADE AGREEMENTS WITH INDIA AND SRI LANKA ALSO CONTAIN SUCH CLAUSES AND REMAIN IN DOUBT AS TO HOW TO DEAL WITH THIS POINT WITH THE CHINESE.

3. MASLEN CONFIRMED THAT THE COMMISSION FAVORS THE PRC PROPOSAL (REFTEL) THAT THE NEXT ROUND OF NEGOTIATIONS TAKE PLACE IN PEKING IN JUNE, THOUGH HE GAVE NO INDICATION OF WHEN THE CHINESE WILL BE NOTIFIED OR OF WHETHER THE COMMISSION EXPECTS THESE NEW TALKS TO

WRAP UP AN AGREEMENT. IN KEEPING WITH A PROCEDURE INSTITUTED AFTER FORMER COMMISSION VICE PRESIDENT SOAMES' 1975 TRIP TO PEKING, THE COMMISSION IS TO REPORT TO COREPER LATER THIS WEEK ON THE CHINESE PROPOSAL. MASLEN EXPECTS THAT A DECISION ON THE COMPOSITION OF THE EC DELEGATION WILL BE MADE SOON THEREAFTER. HINTON

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Message Attributes

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